

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL	DATE: April 5, 1988	NO.
FROM: THE CITY MANAGER'S OFFICE		
SUBJECT: AMENDMENT TO LODI HOUSING REHABILITATION GUIDELINES INCLUSION OF INTEREST FOR DEFERRED PAYMENT LOANS		

RECOMMENDED ACTION:

That the City of Lodi shall amend the City's Single-Family Housing Rehab Program to include a statement of no interest charges on deferred payment loans; and

that, in accordance with the Property Rehabilitation Loan Agreement between the City of Lodi and the Bank of America, the City shall notify the Bank of the rates and terms for the City's Deferred Payment Loans (0% interest).

BACKGROUND INFORMATION: Upon adopting the City's Single Family Housing Rehabilitation Guidelines, City Council expressed interest in the possibility of including interest rates for deferred interest loans. Inasmuch as the Rehab Guidelines specifically excluded charging interest on deferred loans (0%), the Guidelines were adopted omitting the 0% interest rate, pending further investigation by City Staff.

After a period of research, the Contingent Deferred Interest concept, as developed by the City of Chula Vista, appeared to be the most equitable way to charge interest on deferred loans:

Upon the sale of the property, the principle sum plus contingent interest equal to the percentage of the value of the increase in the fair market value of the property at the time of sale over the purchase price of the property shall be paid. If no sale of the property is made prior to 30 years, the principal plus an additional sum equal to the percentage of the value of the increase in the appraised fair market of the property over the purchase price of the property shall be due and payable.

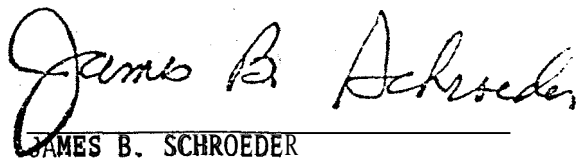
The Contingent Deferred Interest concept was developed primarily for assistance to mobilehome parks converting to resident ownership, where, due to adverse market conditions, Chula Vista becomes a participant in substantial risk, and for that reason, it was agreed it should participate in equity gain as well.

However, Chula Vista does not use the Contingent Deferred Interest for their standard single family rehab program for reasons common to many communities:

Deferred loans are tough to sell, especially to the elderly, due to:

1. People's general distrust of government;
2. Houses owned "free and clear" should remain unencumbered for heirs.
3. Interest charges makes deferred loans even less attractive, especially if neighborhood property values are unstable.

CONCLUSION: Although the Contingent Deferred Interest concept would be the most equitable way to collect interest on deferred loans, it would not enhance the marketability of deferred loan programs. Since deferred loans for single family rehab typically experience marketing problems, charging interest rates is not recommended.



JAMES B. SCHROEDER
Community Development Director

CC/1.14/TXTD.01B

RESOLUTION 87-146

RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING OF COMMUNITY
BLOCK GRANT FUNDING HOUSING REHABILITATION SERVICES

BE IT RESOLVED that the City Council of the City of Lodi does hereby approve the Memorandum of Understanding dated October 21, 1987 between San Joaquin County and the City of Lodi to establish an agreement between the County and City with regard to the use of Block Grant funds for the City of Lodi's Housing Rehabilitation Program, which is to be jointly administered and carried out by the County of San Joaquin and the City of Lodi, a copy of which is attached Marked Exhibit A, and hereby ~~made~~ a part hereof.

Dated: October 21, 1987

I hereby certify that Resolution No. 87-146 **was** passed and adopted by the City Council of the City of Lodi in a regular meeting held October 21, 1987 by the following vote:

Ayes: Councilmembers - Hinchman, Pinkerton, Reid, Snider, and
Olson (Mayor)

Noes: Councilmembers - None

Absent: Councilmembers - None


Alice M. Reinche
City Clerk

MEMORANDUM OF UNDERSTANDING
HOUSING REHABILITATION SERVICESINTRODUCTION

The purpose of this memorandum dated October 21, 1987, between San Joaquin County and the City of Lodi is to establish an agreement between the County and City with regard to the use of Block Grant funds for the City of Lodi's Housing Rehabilitation Program, which is to be jointly administered and carried out by the County of San Joaquin and the City of Lodi.

WORK PROGRAM

The County agrees to carry out those activities specified as County activities under the scope of services (Attachment A) in implementing the City's Housing Rehabilitation Program.

BUDGET AMOUNT

The City of Lodi has allocated \$157,000 of Block Grant funds for this activity. The County agrees to incur costs, not to exceed the allocated amount and for service rendered under Scope of Services, under Appendix A. The county shall be entitled to receive reimbursement not to exceed \$23,550.

USE OF FUNDS

Use of Funds pursuant to this Agreement shall be in accordance with the requirements of the Housing and Community Development Act of 1974 (as amended), 24 CFR Part 570; other regulations governing the Block Grant Program, and any amendments or policy revisions thereto which shall become effective during the term of this agreement. Community Development Block Grant regulations are incorporated herein by reference. In addition, the City and County agree to comply with other applicable laws, including Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975 and Executive Order #11063.

The housing rehabilitation activity must be designed, or so located, as to assist lower income persons, eliminate slums or blighted conditions on a spot basis, or meet an urgent community development need, health or safety condition.

PERIOD OF AGREEMENT

This agreement shall be in force until all the funds allocated for this activity have been expended; or until 12 months have elapsed from the signing of the agreement, or whichever shall occur first; or within 30 days notice, by either party, of its intent to cancel the agreement.

SCOPE OF SERVICES

The City and County agree to carry out all those activities specified in Appendix A, and in accordance with the goals, policies, and guidelines specified in Appendix B.

REIMBURSEMENT FOR SERVICES RENDERED

San Joaquin County will be reimbursed for services rendered consistent with allowable activities under the Scope of Services. All costs incurred must be for eligible Housing Rehabilitation Block Grant activities. Reimbursement for administrative services will be made monthly and claim forms will be supported by primary source documentation to be submitted to the City for its approval.

REIMBURSEMENT FOR HOUSING REHABILITATION WORK

The County shall be responsible for receiving and processing claims from contractors for work performed. The City shall have final approval of all progress and final claims for payment.

ADMINISTRATIVE AND MANAGEMENT RESPONSIBILITIES

The administrative responsibilities for implementing the Scope of Services contain in Appendix A jointly rest with the City and County. It shall be the responsibility of the Deputy Director of the Department of Planning and Building Inspection to ensure that the program is carried out in compliance with applicable (Federal or State) regulatory or statutory requirements and/or supplemental guidance issued by the funding agency or department. The City shall jointly be responsible for certifying the eligibility and appropriateness of costs incurred and shall acknowledge such certification in the submittal and approval of claims for reimbursement.

MONITORING/EVALUATION

The City shall have the right to review program records at any time after 5 days notice has been given to the County.

EQUAL OPPORTUNITY IN PARTICIPATION

Under the terms of Section 109 of the Housing and Community Development Act of 1974, and in conformance with all requirements imposed by or pursuant to the Regulations of the Department of Housing and Urban Development (24 CFR Part 570.601) issued pursuant to this Section, no person in the United States shall on the ground of race, color, religion, sex, age, handicap, national origin or any other basis prohibited by applicable law be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with the community development funds.

Specific (not exclusive) Discriminatory Actions Prohibited:

The Agency may not directly or through contractual or other arrangements, on the ground of race, color, religion, national origin, age handicap, sex or any other basis prohibited by applicable law:

- a. Deny any facilities, services, financial aid, or other benefits provided under the program or activity.
- b. Provide any facilities, services, financial aid, or other benefits which are different, or are provided in a different form from that provided to others under the program or activity.

- c. Subject to segregated or separate treatment in any facility in, or in any matter or process related to receipt of any service or benefit under the program of activity.
- d. Restrict in any way access to, or in the enjoyment of any advantage or privilege enjoyed by others in connection with facilities, services, financial aid or other benefits under the program or activity.

BUSINESS AND EMPLOYMENT OPPORTUNITIES FOR LOWER INCOME RESIDENTS

The City and County will conform with the rules and regulations set forth under Section 3 of the Housing and Urban Development Act of 1968, (12 USC 1701u), as amended, and the HUD regulations issued pursuant thereto at 24 CFR Part 135. This act requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area, and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by, persons residing in the area of the project. In all solicitation for bids, the contractor must, before signing the contract, provide a preliminary statement of the work force needs and plans for possible training and employment of lower income persons. When the City and County utilize the bidding procedure to let a bid, the invitation or solicitation for bids shall advise prospective contractors of the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, and the clause shall be inserted as a component part of any contract or subcontract. If the City and County solicits or requests an invitation for bids, every effort feasible will be made to contact minority organizations for a response to the solicitation or invitation for bidders.

NONDISCRIMINATION IN FEDERALLY-ASSISTED PROGRAM

In accordance with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) in the sale, lease or other transfer of land acquired, leased or improved with assistance provided under this Agreement, the deed or lease for such transfer shall contain a covenant prohibiting discrimination upon the basis of race, color, religion, sex or national origin, in the sale, lease or rental, or in the use or occupancy of such land or any improvements erected or to be erected thereon. The Agency will comply with Title VIII of the Civil Rights Act of 1968 (P.L. 90-284) as amended and will administer all programs and activities related to housing and community development in a manner to affirmatively further fair housing.

PROVISION OF THE HATCH ACT

Neither the City program nor the funds provided therefore, nor the personnel employed in the administration of the program, shall be in any way or to any extent engaged in the conduct of political activities in contravention of Chapter 15 of Title 5, United States Code.

LEAD BASE PAINT

Any grants or loans made by the city for the rehabilitation of residential structures with assistance provided under this Agreement shall be made subject to the provisions for the elimination of lead base paint hazards under 24 CFR Part 35, as amended.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first hereinabove written.

ATTEST: JORETTA J. HAYDE
Clerk of the Board of Supervisors
of the County of San Joaquin,
State of California

COUNTY OF SAN JOAQUIN,
a political subdivision of the
State of California

By _____ (SEAL)
Deputy Clerk

By _____
GEORGE L. BARBER, Chairman
Board of Supervisors
San Joaquin County

APPROVAL RECOMMENDED
County Dept. of Administration

CITY OF LODI

By _____
County Administrator

By Evelyn M. Olson
EVELYN M. OLSON, Mayor
City of Lodi

APPROVED AS TO FORM:
JOHN F. CHEADLE, County Counsel

ATTEST Alice M. Reimche
ALICE M. REIMCHE
City Clerk

By _____
Sandra Michael Affonso
Deputy County Counsel

APPENDIX A

SCOPE OF SERVICES

This city and county agree that the following activities as specified below are the responsibility of each party to this Agreement.

County Activities

1. initial Application Intake
2. Loan Applicant Eligibility Determination
3. Preliminary Housing Rehabilitation cost Estimate
4. Bank Application Processing
5. Housing Rehabilitation Work Write-up
6. Formal Bid/Review Process
7. Notice of Award
8. Notice to Proceed
9. Processing of Progress Payments
10. Request for Contractor Lien Release
11. Contractor Final Payment
12. Notice of Completion

City Activities

1. Final Loan Underwriting Decisions
2. Progress Inspections - Building Code
3. Authorization of Progress Payments
4. Authorization of Final Payment

APPENDIX B

HOUSING REHABILITATION GOAL

The City of Lodi will attempt to encourage the rehabilitation of all eligible residential structures located within the east side target area (refer to map Attachment A) through the following types of activities and assistance:

1. Informational Outreach

Display advertisements will be published periodically in local papers of general circulation.

2. Inspection of Property

Upon request of the owner, individual housing unit inspections will be made, and deficiencies pursuant to the Uniform Housing Code will be noted. An inspection summary will be prepared for use as a guide for corrective action.

3. Financial and Technical Assistance

Financial and technical assistance will be offered to owner-residents to encourage the rehabilitation of units to Uniform Housing Code Standards to eliminate code violations.

Policies

To encourage the rehabilitation of owner occupied single-family residential structures to a level consistent with Uniform Housing Code Standards, to ensure the elimination of health and safety violations, and to protect the general public.

To provide a level of financial and technical assistance to low and moderate income residents within the east side target area of Lodi, in a manner consistent with the availability of program resources, types of loans, and loan limitations.

To ensure the confidential treatment of applicant information consistent with Federal and State laws and regulations.

To ensure that policies and procedural guidelines are consistent with Federal and State program requirements.

Eligible Rehabilitation Work Activities

1. Immediate Hazards to Life & Safety (Emergency)

The following list of repairs are those which are deemed necessary **by** the inspector to eliminate an immediate threat to life and safety of an individual. Such repairs **may** include, but not be limited to:

- a. Repairs to correct failing structural components of the building.
- b. Electrical repairs to correct conditions which are likely to result in a fire or threaten life.
- c. Plumbing repairs which involve exposed sewage, unsafe drinking water and water heaters.
- d. Mechanical system repairs which involve conditions likely to result in a fire or leakage of gas which **may** result in death.
- e. Other repairs needed to correct conditions which could be life threatening.

2. General Housing Code and Health and Safety Code Items

The following list of repairs are those which are necessary to eliminate inadequate or improperly installed electrical, plumbing, heating fixtures and structural conditions which, though not life threatening, represent deteriorated and/or inadequate housing. Such repairs may include, but not be limited to:

- a. Repairs necessary to eliminate Uniform Housing Code and Health and Safety Code deficiencies.
- b. Repairs necessary to correct electrical defects, plumbing defects, and heating system defects.
- c. Repair or replacement of poor structural conditions.
- d. Additions or alterations to reduce overcrowding or eliminate barriers to elderly/handicapped persons.
- e. Installation of fixed fire detection devices and other devices which prevent or minimize hazardous conditions or situations.

3. General Home Improvements

- a. Home security improvements including, but not limited to deadbolts, window locks and alarm systems.
- b. Energy conservation, weatherization improvements.

4. Order of Priority

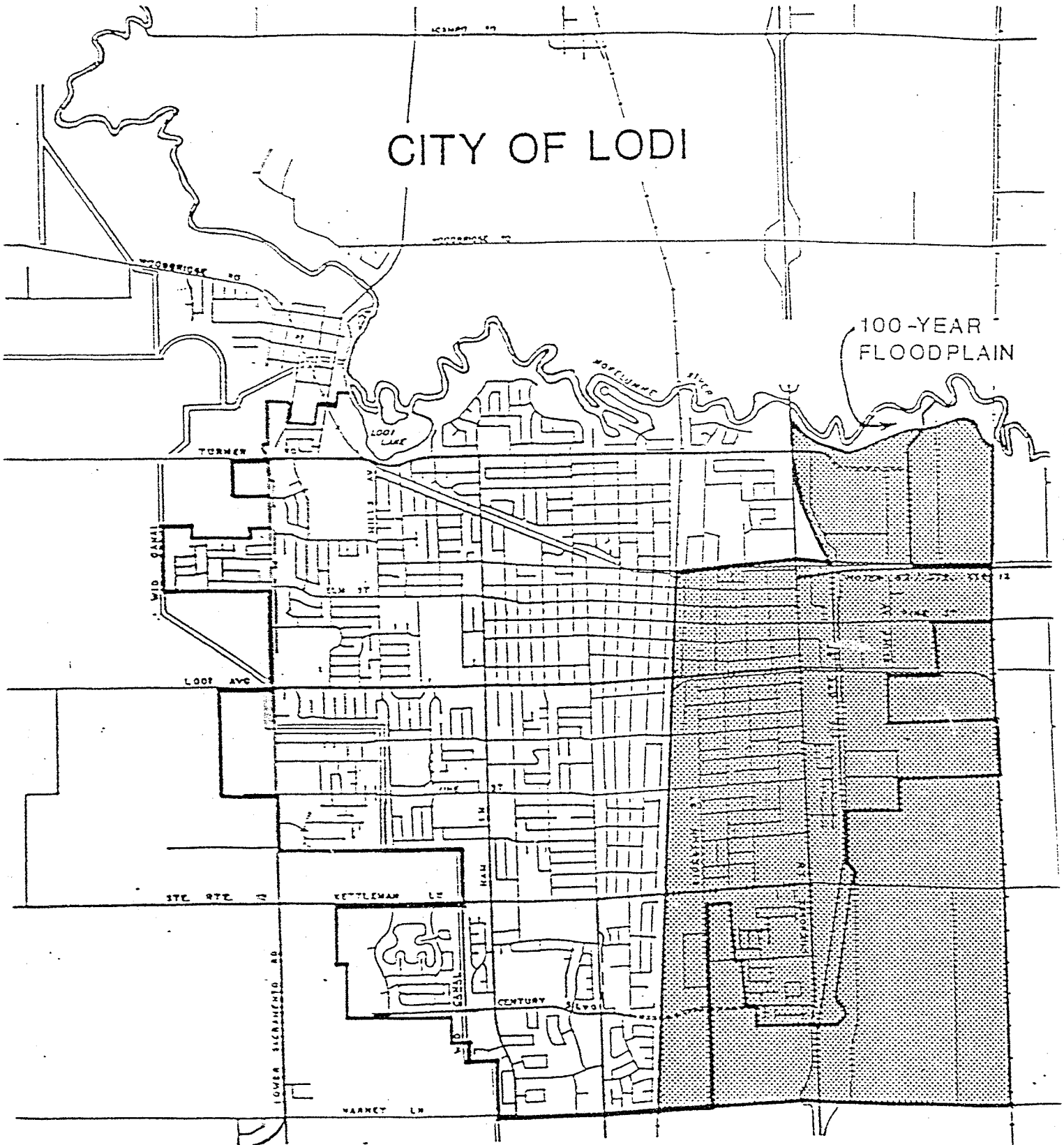
Priority is established by order of owner request. Applications will be date stamped and numbered in the order received by San Joaquin county. In consultation with the City Building Official, the County Building Official may amend the application order if the applicant fails to complete the application process after two notifications, or if the City or County Building Officials receive documented health or safety violations.

5. Other Administrative Procedures

Loan Dispute and Reconciliation

The City of Lodi Community Development Director, City of Lodi Building Official, Program Manager of the Grants Management, Office of San Joaquin County and the Deputy Director of Buildings of San Joaquin County, will review all disputes associated with the loan and rehabilitation activities. The decision of the program administrators is final, with no further recourse at the city or County level. A loan applicant may appeal the administrator's decision to the appropriate funding agency.

CITY OF LODI



LOW AND MODERATE INCOME TARGET AREA

HOUSING REHABILITATION

RESOLUTION NO. 88-48

RESOLUTICY TO AMEND THE CITY OF LODI HOUSING REHABILITATION GUIDELINES
THEREBY MODIFYING THE CITY'S SINGLE-FAMILY HOUSING REHABILITATION PROGRAM
TO INCLUDE A STATEMENT OF KO INTEREST CHARGES ON DEFERRED PAYMENT LOANS

RESOLVED, that the City Council of the City of Lodi does hereby amend the City
of Lodi Housing Rehabilitation Guidelines thereby modifying the City's
Single-Family Housing Rehabilitation Program to include a statement of no
interest charges on deferred payment loans; and that in accordance with the
Property Rehabilitation Loan Agreement between the City of Lodi and the Bank of
America, the City shall notify the bank of the rates and terms for the City's
Deferred Payment Loans (0% interest)

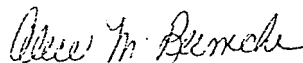
Dated: April 5, 1988

I hereby certify that Resolution No. 88-48 was passed and adopted by the City
Council of the City of Lodi in a regular meeting held April 6, 1988 by the
following vote:

Ayes: Council Members - Hinchman, Pinkerton, Reid, Snider and Olson (Mayor)

Noes: Council Members - None

Absent: Council Members - None


Alice M. Reimche
City Clerk

RESOLUTION NO. 88-38

RESOLUTION TO AMEND THE CITY OF LODI HOUSING REHABILITATION GUIDELINES
THEREBY MODIFYING THE CITY'S SINGLE-FAMILY HOUSING REHABILITATION PROGRAM
TO INCLUDE A STATEMENT OF NO INTEREST CHARGES ON DEFERRED PAYMENT LOANS

RESOLVED, that the City Council of the City of Lodi does hereby amend the City of Lodi Housing Rehabilitation Guidelines thereby modifying the City's Single-Family Housing Rehabilitation Program to include a statement of no interest charges on deferred payment loans; and that in accordance with the Property Rehabilitation Loan Agreement between the City of Lodi and the Bank of America, the City shall notify the bank of the rates and terms for the City's Deferred Payment Loans (0% interest)

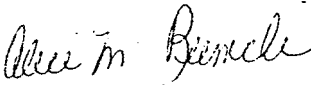
Dated: March 16, 1988

I hereby certify that Resolution No. 88-38 was passed and adopted by the City Council of the City of Lodi in a regular meeting held March 16, 1983 by the following vote:

Ayes: Council Members - Hinchman, Pinkerton, Reid, Snider and Olson (Mayor)

Noes: Council Members - None

Absent: Council Members - None


Alice M. Reimche
City Clerk